

AN OPEN LETTER TO THE STATE OF NEW YORK

Dear Residents and Citizens of New York State:

There has been much discussion in recent weeks about Chesapeake Appalachia LLC's application to convert an existing natural gas well into an underground injection well near Keuka Lake to dispose of water from natural gas production. This is a common and highly regulated practice in the natural gas industry and Chesapeake wants you to know the facts:

Congressman Eric Massa was informed on February 2, 2010, in a letter from the Chairman and CEO of our company that we are no longer actively pursuing our permit request for this injection well. We have since followed up on that commitment and have formally withdrawn our permit application for it.

Chesapeake did not withdraw its permit request because we believe the well would have been a threat to the environment. In fact, the EPA runs the underground injection well program, and it is among its most successful and safest waste management programs. In addition, the proposed well is an existing gas production well that has been in service since 1998, and it is part of a gas field in this area of the Finger Lakes region that has produced for decades with no adverse effect on the environment.

This application and careful regulatory review process was initiated a year ago. We withdrew the application for two reasons. First, we determined that an injection well in this area is not presently necessary given the inability to drill Marcellus wells in New York due to regulatory delays. Second, since initiating the permit application process, we have been increasingly successful in recycling our produced water, greatly reducing our need for additional New York disposal facilities.

We find it disappointing that our positions continue to be misrepresented, even at the public meeting held with area residents on February 7, 2010. It is detrimental to our efforts to constructively work together as we drill for and produce clean, domestic natural gas in a safe and responsible manner. Comparisons of our industry's operations to "Love Canal" are inappropriate, unconstructive and reflect ignorance of the protective measures being taken by both our industry and the regulatory community in managing natural gas development. It is also detrimental to efforts to provide the public with factual information regarding an issue of critical public importance, especially at a time when natural gas exploration holds such economic promise for stakeholders across southern and central New York.

Chesapeake shares the desire of local residents to serve as fully committed stewards of the environment. We have successfully drilled thousands of wells over the past 20 years and have a solid track record of drilling safely and responsibly in some of the most eco-sensitive areas of the country. Despite many unfounded claims, the independent, nonprofit Groundwater Protection Council recently submitted written comments in New York, and the EPA provided corroborating testimony in Congress in December 2009, that there has never been a single documented case of groundwater contamination as a result of fracture stimulation in the development of natural gas reserves. For more information, go to hydraulicfracturing.com.

Chesapeake also knows that drilling for natural gas in New York's area of the Marcellus Shale could create thousands of jobs, generate billions of dollars of investment, create billions of dollars of landowner wealth and provide tax revenue that could be used to fund education, health care and other programs across the state. Deep shale natural gas exploration is helping revitalize regional economies in every area where this activity takes place. In fact, over the state line in Pennsylvania, Chesapeake has paid more than a billion dollars to mineral rights owners and is employing almost 1,000 people directly and thousands more indirectly. New Yorkers deserve this opportunity, too. We are confident our investment in your area could be of great value locally while playing a vital role in reducing our nation's dependence on foreign oil. At the same time, we can protect the environment by producing and using more cleaner-burning natural gas instead of higher-polluting coal.

As we look to the future, we are hopeful that our discussions – and your decisions – about natural gas drilling can be based on the facts and not misinformation and political rhetoric. You have our commitment to listen to your concerns and to work together to safely and responsibly drill for America's most abundant and affordable clean energy source – natural gas.

Sincerely,



Dave Spigelmyer
Vice President, Government Relations
Chesapeake Energy Corporation



AMERICA'S CHAMPION OF NATURAL GAS™